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**DOCKET FILE COPY ORIGINAL**

December 17, 1999

**BY HAND**

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
12<sup>th</sup> Street Lobby, TW-A325  
Washington, D.C. 20554

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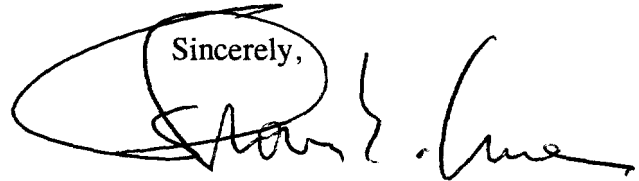
Re: Comments of the Commonwealth of the  
Northern Mariana Islands; CC Dkt. No. 96-45

Dear Ms. Salas:

Enclosed for filing herewith is an original plus four (4) copies of the Comments of the Commonwealth of the Northern Mariana Islands in the above-referenced proceeding. An additional copy has also been included for file-stamp purposes. In addition, these Comments are also being submitted simultaneously on diskette in accordance with ¶ 152 of the Commission's *Further Notice of Proposed Rulemaking* in this proceeding.

Questions should be directed to the undersigned.

Sincerely,



Thomas K. Crowe  
C. Jeffrey Tibbels,  
Counsel for the Commonwealth of  
the Northern Mariana Islands

Enclosures

cc: Sheryl Todd (w/ diskette)  
International Transcription Service (w/ diskette)

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**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

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In the Matter of	)	
	)	
Federal-State Joint Board on	)	
Universal Service:	)	CC Docket No. 96-45
Promoting Deployment and	)	
Subscribership in Unserved	)	
and Underserved Areas, Including	)	
Tribal and Insular Areas	)	

**COMMENTS OF THE COMMONWEALTH  
OF THE NORTHERN MARIANA ISLANDS**

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C. Jeffrey Tibbels  
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COUNSEL FOR THE COMMONWEALTH  
OF THE NORTHERN MARIANA ISLANDS

December 17, 1999

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## **SUMMARY OF COMMENTS**

The telephone penetration level in the Commonwealth stands at 61% (according to 1995 Department of Interior statistics), apparently the lowest in the Nation. Penetration in the less populated Commonwealth islands of Rota and Tinian is even lower at 53.3% and 52.1%, respectively. Given the impediments that these relatively low penetration levels create for U.S. citizens in the Commonwealth, the Commonwealth applauds the Commission for initiating this important proceeding.

In response to the Commission's *Further Notice of Proposed Rulemaking*, the Commonwealth urges the Commission to re-designate a major urban area outside of the Commonwealth (such as Honolulu, San Francisco or Los Angeles) for purposes of calculating the urban rate under the Rural Health Care Program for the Commonwealth. Such a step—addressing the so-called “Hawaii Problem” as labeled by the Universal Service Administrative Company—would vastly improve access for Commonwealth citizens to more advanced health care and medical specialists which the Commonwealth sorely lacks at present. As shown below, the Commission possesses the necessary legal authority to take this step pursuant to Section 254(h)(2)(A) of the Telecommunications Act of 1996.

The Commission should also incorporate penetration data pertaining to the Commonwealth in its Universal Service Monitoring Program so that the need for additional support which exists in the Commonwealth is not masked. Despite the Commonwealth's exceedingly low penetration rate, past monitoring reports have surprisingly excluded telephone penetration rates for the Commonwealth. Given that monitoring reports are widely used for important policymaking and private investment decisions, it is imperative that the reports encompass penetration and related data

for the Commonwealth. Instead of simply excluding Commonwealth penetration data from the monitoring reports, the Commonwealth urges the Commission to incorporate penetration data collected through periodic censuses and surveys conducted by the Department of Interior's Office of Insular Affairs.

Finally, the Commonwealth supports the Commission's proposed definition of "insular areas" and concurs with its tentative decision to include the Commonwealth within that proposed definition.

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Federal-State Joint Board on	)	
Universal Service:	)	CC Docket No. 96-45
Promoting Deployment and	)	
Subscribership in Unserved	)	
and Underserved Areas, Including	)	
Tribal and Insular Areas	)	

**COMMENTS OF THE COMMONWEALTH  
OF THE NORTHERN MARIANA ISLANDS**

The Commonwealth of the Northern Mariana Islands ("Commonwealth"), by its attorneys, respectfully submits the following comments in response to the Commission's *Further Notice of Proposed Rulemaking* released on September 3, 1999 in the above captioned matter.<sup>1</sup>

**I. INTRODUCTION**

The Commonwealth applauds the Commission for initiating this proceeding to promote subscribership in insular areas. The Commission has repeatedly recognized the enormous importance of telephone subscribership in modern society:

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<sup>1</sup> *In re* Federal-State Joint Board on Universal Service: Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas, *Further Notice of Proposed Rulemaking*, CC Dkt. No. 96-45, FCC 99-204 (Sept. 3, 1999)(*FNPRM*); Common Carrier Bureau Announces Extension of Comment and Reply Comment Dates for Unserved, Underserved, Tribal, and Insular Areas Rulemaking Proceeding, CC Dkt. No. 96-45, DA 99-2607, *Public Notice* (November 22, 1999).

For the individual, telephone connectivity provides access to emergency services, to job opportunities and, through computer connections, to a host of educational opportunities. At the same time, increasing subscribership benefits all Americans by improving the safety, health, education and economic well-being of the nation. Thus, we recognize that our universal service policies may now have greater societal consequences than in the past.<sup>2</sup>

Achieving higher penetration levels is of particular importance to the Commonwealth not only because of its historically low telephone subscribership levels,<sup>3</sup> but also due to its remote geographic location which makes travel and mail services less affordable and effective. Consequently, U.S. citizens in the Commonwealth depend much more upon telecommunications to interconnect with the contiguous U.S (and the rest of the world) than upon other traditional means of communication.

The Commonwealth consists of 14 islands strategically located in the North Pacific Ocean approximately 3,300 miles west of Honolulu, 1,272 miles southeast of Tokyo and 50 miles north of the Territory of Guam. The total land area of the Commonwealth is 183.5 square miles, slightly larger than 2.5 times the size of the District of Columbia.<sup>4</sup> The Commonwealth's population is estimated at 66,611<sup>5</sup> and is divided primarily between the three islands of Saipan, Tinian and Rota. Approximately 87% of the population resides on Saipan.<sup>6</sup>

The Commonwealth is a self-governing commonwealth in political union with and under the sovereignty of the United States. The relationship between the Commonwealth and the United States

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<sup>2</sup> *In re* Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network, *Notice of Proposed Rulemaking*, CC Dkt. No. 95-115 at para. 4, FCC 95-281 (July 20, 1995). *See also* FNPRM at para. 2.

<sup>3</sup> *See* Exhibit at 5.

<sup>4</sup> *Id.* at 2.

<sup>5</sup> *Id.* at 3.

<sup>6</sup> *Id.* at 5.

is governed by the “Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America.”<sup>7</sup> Indeed, the objective of the instant proceeding is fully consistent with the Covenant, which provides that the U.S. government has a special obligation to assist the Commonwealth in achieving economic development. According to Section 701 of the Covenant,

The Government of the United States will assist the Government of the Northern Mariana Islands in its efforts to achieve a progressively higher standard of living for its people as part of the American economic community and to develop the economic resources needed to meet the financial responsibilities of local self-government.<sup>8</sup>

With the objective of promoting economic development, the Commonwealth has sought closer integration into the U.S. telecommunications infrastructure. As a result, on July 1, 1997, the Commonwealth became part of the North American Numbering Plan (“NANP”).<sup>9</sup> Moreover, the Commonwealth has been encompassed under the Commission’s rate integration policy since September 1, 1997.<sup>10</sup> The Commission has ruled that the Telecommunications Act of 1996 (“1996 Act”) applies to the Commonwealth as the term “State” is defined in that statute to include all U.S. territories and possessions, including the Commonwealth.<sup>11</sup>

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<sup>7</sup> See Exhibit at 1.

<sup>8</sup> See *id.* n.2, at § 701.

<sup>9</sup> See *id.* at 3.

<sup>10</sup> See *id.*

<sup>11</sup> See e.g., *In re* Policy and Rules Concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended, *Report and Order* in CC Dkt. No. 96-61, ¶ 55 (August 7, 1996); *In re* Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC’s Local Exchange Area and Policy and Rules Concerning the Interstate, Interexchange Marketplace, *Second Report and Order* in CC Dkt. No. 96-149, and *Third Report and Order* in CC Dkt. No. 96-61, FCC 97-142, ¶ 174 (April 18, 1997).



Competition in the provision of local telecommunications services is essentially non-existent in the Commonwealth, and off-island interstate and international competition is limited. Due in part to this limited competition, the telephone penetration rate in the Commonwealth is far below the U.S. average (61% in 1995).<sup>12</sup>

In response to the *FNPRM*'s request for specific data pertaining to insular areas, an Exhibit is included herewith which supplies such background information for the Commonwealth.

## **II. THE RURAL HEALTH CARE RULES SHOULD BE MODIFIED IN ORDER THAT MEANINGFUL SUPPORT IS PROVIDED TO THE COMMONWEALTH**

The Commonwealth urges the Commission to re-designate a major urban area outside of the Commonwealth (such as Honolulu, San Francisco or Los Angeles) for purposes of calculating the urban rate under the Rural Health Care Program for the Commonwealth. Such a solution would effectively address the so-called "Hawaii Problem," which the Universal Service Administrative Company ("USAC") characterized in March 1999 as one of the most serious health care predicaments facing insular populations. As shown below, Section 254(h)(2)(A) of the 1996 Act fully authorizes the Commission to take this much needed step.<sup>13</sup>

### **A. Background**

Although there are several small, private medical and dental clinics located on the island of Saipan, the principal provider of health care facilities throughout the Commonwealth is the Commonwealth Department of Public Health ("Department"), which is operated by the

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<sup>12</sup> See Exhibit at 5.

<sup>13</sup> 47 U.S.C. § 254(h)(2)(A) (1998).

Commonwealth government.<sup>14</sup> The Department operates health centers on Saipan, Tinian and Rota.<sup>15</sup> A more detailed overview of the Commonwealth health care system is included in the attached Exhibit at 5-6.

Rural health care providers located in the Commonwealth are in desperate need of funding for telecommunications services.<sup>16</sup> The Commonwealth currently lacks the facilities, medical specialists and trained personnel to provide advanced or specialized health care.<sup>17</sup> These shortcomings make it necessary for the Department to make frequent off-island referrals for many patients. Such referrals typically require that the patient and other medical personnel travel significant distances by air to Hawaii or other destinations, entailing substantial public costs.

Even when the physical transport of patients is not necessary, health care providers in the Commonwealth must frequently make long-distance calls to off-island points for purposes of diagnosis, research, or coordination. It should be noted in this context that the Department does not currently have adequate telemedicine facilities, a shortcoming that contributes to the necessity for risky and costly off-island patient referrals.<sup>18</sup>

This has led to what the USAC has labeled the “Hawaii Problem.”<sup>19</sup> Under the Commission’s rules, only the difference between “urban rates” and “rural rates” within a state are supported under

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<sup>14</sup> See Exhibit at 5.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* at 5-6.

<sup>17</sup> *Id.*

<sup>18</sup> See *id.*

<sup>19</sup> Evaluation of the Rural Health Care Program, Universal Service Administrative Company Rural Health Care Division (Mar. 5, 1999).

the Rural Health Care Program.<sup>20</sup> In its *Report and Order* in CC Dkt. No. 96-45, released May 8, 1997, the Commission designated the entire island of Saipan as the urban area for purposes of setting the “urban rate.”<sup>21</sup> As such, only the difference between rates for services provided from Saipan, on the one hand, and Rota and Tinian on the other, are supported. Currently, there is only a marginal difference in rates for telecommunications services in the islands of Saipan, Rota and Tinian. Thus, as the Commission recently noted,<sup>22</sup> rural health care providers in insular areas such as the Commonwealth would not receive (and indeed, do not receive) any meaningful support under the program’s current rules.

**B. A Major Urban Area Outside of the Commonwealth, Such as Honolulu, San Francisco or Los Angeles, Should be Designated**

The Commonwealth urges the Commission to re-designate the Commonwealth’s urban area for purposes of calculating the “urban rate” as a major urban area outside of the Commonwealth, such as in Hawaii or California. If the urban area designation for the Commonwealth is thus changed, the Commonwealth’s rural health care providers should become eligible for substantially greater funding, facilitating the Commonwealth’s meaningful participation in the program.

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<sup>20</sup> 47 C.F.R. § 54.609 (1998).

<sup>21</sup> *In re* Federal-State Joint Board on Universal Service, *Report and Order*, 12 FCC Rcd. 8776, at ¶ 697 (May 8, 1997) (“*Report and Order*”). While this was consistent with the alternative relief requested at the time by the Commonwealth in its Comments, the Commonwealth had urged preferably that a point in Hawaii or the mainland be designated as the urban area.

<sup>22</sup> *In re* Changes to the Board of Directors of the National Exchange Carrier Association, Inc. and Federal-State Joint Board on Universal Service, *Sixth Order on Reconsideration and Fifteenth Order on Reconsideration*, CC Dkt. Nos. 97-21 and 96-45, at ¶ 42 (November 1, 1999).

The Commission presently has the authority to make this designation under 254(h)(2)(A) of the 1996 Act, which states that the Commission shall establish competitively neutral rules “to enhance, to the extent technically feasible and economically reasonable, access to advanced telecommunications and information services for all . . . health care providers.”<sup>23</sup> Section 254(h)(2)(A) provides the Commission with *independent* statutory authority to establish programs to provide support for telecommunications and advanced services health care providers.<sup>24</sup> Further, the Commission has recognized that Section 254(h)(2)(A) authorizes the adoption of special mechanisms by which to calculate support for the Pacific insular areas.<sup>25</sup> Thus, the Commission has the authority under Section 254(h)(2)(A) to expand the current Rural Health Care Program rules to designate an out-of-state urban area for the Commonwealth.

Improving access to funding for the Commonwealth’s rural health care providers is consistent with the stated intent of Section 254(h) of the 1996 Act. Section 254(h) intended that “health care providers for rural areas . . . have affordable access to modern telecommunications services that will enable them to provide medical . . . services to all parts of the nation.”<sup>26</sup> Because the Commission’s

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<sup>23</sup> 47 U.S.C. § 254(h)(2)(A) (1998).

<sup>24</sup> *Report and Order* at ¶ 596. For example, in its *Report and Order*, the Commission used its authority under Section 254(h)(2) to allow for funding for internal wiring and Internet access for schools and libraries under the E-rate program. *Id.* at ¶ 594. Further, the Commission used its authority under Section 254(h)(2) to provide for funding for toll-free access to the Internet for all health care providers, regardless if located in urban or rural areas. *Id.* at ¶ 743.

<sup>25</sup> *Id.* at ¶ 692.

<sup>26</sup> *See* Joint Explanatory Statement of the Committee of Conference, H.R. Rep. No. 104-458, 104<sup>th</sup> Cong., 2<sup>nd</sup> Sess. at 132 (1996).

current rules exclude the Commonwealth's rural health care providers from receiving meaningful funding, they do not currently have affordable access to desperately-needed modern telecommunications services.

Further, the Commission has a duty under Section 254(h)(2)(A) to develop rules that promote access to advanced services for health care providers, including those located in the Commonwealth. As explained *supra* at 1-2 and in the attached Exhibit, due to the Commonwealth's remote geographic location and low *per capita* income, the need for telecommunications funding for rural health care providers is glaring.<sup>27</sup> The Commonwealth currently lacks the facilities, medical specialists and trained personnel to provide advanced or specialized health care.<sup>28</sup> As such, the Commonwealth heavily relies on telecommunications for purposes of diagnosis, research and coordination.<sup>29</sup>

Thus, the Commonwealth urges the Commission to exercise its authority under Section 254(h)(2)(A) of the 1996 Act to re-designate the Commonwealth's urban area for purposes of calculating the "urban rate" as a major urban area outside of the Commonwealth, preferably in Hawaii or California. Such a step would vastly improve access for Commonwealth citizens to more advanced health care, information and medical expertise, as well as to medical specialists that the Commonwealth sorely lacks.

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<sup>27</sup> See Exhibit at 3, 5.

<sup>28</sup> *Id.* at 5-6.

<sup>29</sup> *Id.*

### **III. COMMONWEALTH PENETRATION DATA SHOULD BE COVERED IN THE COMMISSION'S UNIVERSAL SERVICE MONITORING PROGRAM**

The Commonwealth urges the Commission to incorporate penetration data pertaining to the Commonwealth in its Universal Service Monitoring Program so that the need for additional support which exists in the Commonwealth is not masked.

In its *FNPRM*, the Commission solicits comment on impediments to increased penetration, noting that the general categories covered in the *FNPRM* “are not intended to be exhaustive, however, and we encourage commenters to discuss any additional impediments to increased penetration that they are able to identify.”<sup>30</sup> The Commonwealth’s historical exclusion from the Monitoring Program represents such an impediment to increased penetration.

The Commission’s Monitoring Program represents a means by which to track the implementation of Universal Service, including where its benefits are being received geographically. The Commission has recognized that “the Monitoring Reports have been widely used by the public, state commissions and industry because they provided comprehensive and consistent information on local exchange carriers in all states.”<sup>31</sup> As such, important policy making as well as private investment decisions are based on the reports which the Monitoring Program generates.

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<sup>30</sup> *FNPRM* at ¶ 20.

<sup>31</sup> Common Carrier Bureau Seeks Comment on Program to Monitor Impacts of Universal Service Support Mechanisms, CC Dkt. No. 96-45, CCB-IAD File No. 98-101, DA 98-580, at 3, *Public Notice* (April 24, 1998).

Past monitoring reports have excluded telephone penetration rates for the Commonwealth<sup>32</sup> despite the fact that penetration levels in the Commonwealth are among the lowest in the nation.<sup>33</sup> These omissions, in turn, mask the need for additional support in the Commonwealth and skew nationwide average statistics included in the reports.<sup>34</sup> Without specific knowledge of where the Universal Service program is geographically achieving its objectives and where it is not, the program risks neglecting those geographic areas most in need of support such as the Commonwealth. Perhaps most importantly, the lack of penetration and related data makes it more difficult for potential competitors to identify market opportunities and make informed decisions to enter the Commonwealth telecommunications market. Like all of the other states, data for the Commonwealth should be reflected in all applicable categories of monitoring reports, including categories pertaining to support for schools and libraries, support for health care providers, service quality as well as affordability of rates.

In its *Public Notice* accompanying the release of the 1998 Monitoring Report, the Commission acknowledged the Commonwealth's concerns stating:

With regard to subscribership penetration however, the Current Population Survey (CPS) of the Bureau of Census does not include the CNMI and other insular areas. Other measures

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<sup>32</sup> See, e.g., Monitoring Report, CC Dkt. No. 98-202 (Dec. 1998) at 6-2 (including Charts 6.1-6.9 and Tables 6.1-6.15) ("1998 Monitoring Report").

<sup>33</sup> See Exhibit at 5.

<sup>34</sup> The Commonwealth previously submitted comments on this issue in a proceeding initiated by the Commission seeking public comment on the format and data categories of its Monitoring Program. *In re* Program to Monitor Impacts of Universal Service Support Mechanisms, Comments of the Commonwealth of the Northern Mariana Islands in CC Dkt. No. 96-45, CCB-IAD File No. 98-101 (May 26, 1998).

of subscribership penetration are not collected with the same degree of regularity as the CPS data.<sup>35</sup>

The Commonwealth recognizes that CPS data does not include the Commonwealth.

However, given the enormous importance of telephone subscribership<sup>36</sup> as well as the key role monitoring reports play in identifying areas in need of additional support, it is imperative that the Commission decide upon an acceptable alternative penetration measure in order to ensure that Commonwealth penetration data can be incorporated into the monitoring programs. Indeed, while other measures of penetration may not be collected with the same degree of regularity, such other measures *do* in fact exist. For example, the U.S. Department of the Interior's Office of Insular Affairs ("OIA") conducts and funds periodic censuses and surveys which could serve as a reliable measure.<sup>37</sup> Thus, the Commonwealth recommends that the monitoring reports utilize the most recent census and survey results compiled by the OIA.

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<sup>35</sup> Common Carrier Bureau Releases Report to Monitor Impacts of Universal Service Support Mechanisms, CC Dkt. No. 98-202, DA 98-2540, at ¶ 22, *Public Notice* (Dec. 22, 1998).

<sup>36</sup> See pages 1-2, *supra*.

<sup>37</sup> See U.S. DEPT. OF THE INTERIOR, A REPORT ON THE STATE OF THE ISLANDS, at 95 (1999); Exhibit at 5.



**IV. THE PROPOSED DEFINITION OF “INSULAR AREAS” AND THE TENTATIVE DECISION TO INCLUDE THE COMMONWEALTH AS AN INSULAR AREA SHOULD BE ADOPTED**

The Commonwealth supports the Commission’s proposed definition of “insular areas” as those “islands that are territories or commonwealths of the United States.”<sup>38</sup> The Commonwealth also concurs with the Commission’s tentative decision to include the Commonwealth within the proposed definition of “insular areas”.

As the Commission has stated, the proposed definition conforms to the dictionary definition, which defines “insular” as “of, or having the form of an island.”<sup>39</sup> The Commission rightly adheres to this commonly understood meaning of the word since the U.S. Supreme Court has held that “if the statutory language is unambiguous, in the absence of a ‘clearly expressed legislative intent to the contrary, that language must ordinarily be regarded as conclusive.’”<sup>40</sup> Consistent with this definition, the Commission correctly concludes that the Commonwealth is an insular area under the proposed definition.<sup>41</sup>

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<sup>38</sup> *FNPRM* at ¶ 137.

<sup>39</sup> *Id.*

<sup>40</sup> *Bob Reves v. Ernst & Young*, 570 U.S. 170, 177 (1993), *quoting United States v. Turkette*, 452 U.S. 576, 580 (1981).

<sup>41</sup> *FNPRM* at ¶ 138. As the Commission also observes, the proposed definition comports with publications of the OIA, including A REPORT ON THE STATE OF THE ISLANDS, referenced throughout the attached Exhibit herein, and various provisions of the United States Code. *Id.* at ¶ 137.

**V. CONCLUSION**

As demonstrated above, the Commission should re-designate a major urban area outside of the Commonwealth (such as Honolulu, San Francisco or Los Angeles) for purposes of calculating the urban rate under the Rural Health Care Program for the Commonwealth. Section 254(h)(2)(A) of the 1996 Act provides the Commission with the legal authority to take this step. In addition, penetration data pertaining to the Commonwealth should be incorporated into the Universal Service Monitoring Program in order that the need for additional support which exists in the Commonwealth not be masked. Finally, the Commonwealth urges the Commission to adopt its proposed definition of "insular areas" and its tentative decision to include the Commonwealth within that definition.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas K. Crowe", with a large, stylized initial "T" and a long horizontal flourish extending to the right.

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COUNSEL FOR THE COMMONWEALTH OF  
THE NORTHERN MARIANA ISLANDS

Dated: December 17, 1999

## **EXHIBIT**

## EXHIBIT

### COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

#### I. Background

##### A. Political Relationship with the United States

In 1947, the Commonwealth became part of the United Nations' Trust Territory of the Pacific Islands ("TTPI"), which was administered by the United States until 1976<sup>1</sup> when the "Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States" was approved by both a United Nations supervised plebiscite of Commonwealth residents and subsequently by Congress.<sup>2</sup> The Commonwealth is now a self-governing commonwealth in political union and under the sovereignty of the United States. Pursuant to Presidential Proclamation No. 5564 (implemented on November 3, 1986), all persons born in the Commonwealth both before and after the Covenant took affect are citizens of the United States.<sup>3</sup> The TTPI was officially terminated on December 22, 1990 by the Security Council of the United Nations.

##### B. Government

The Commonwealth adopted its own constitution in 1977.<sup>4</sup> The constitution provides for a governmental system analogous to that of a typical American state: the executive branch is represented by the Governor and Lieutenant Governor, the legislative branch by a House of Representatives (18 members) and a Senate (9 members), and the judiciary by the Superior Court and the Supreme Court.<sup>5</sup> Both the current Governor,

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<sup>1</sup> U.S. Department of the Interior, Office of Insular Affairs website [www.doi.gov/oia/facts.html](http://www.doi.gov/oia/facts.html) (visited November 8, 1999) ("OIA website").

<sup>2</sup> See 48 U.S.C. § 1801 note (Supp. 1999), approved by Congress in Public Law 94-241 (March 24, 1976), 90 Stat. 263 ("Covenant"). Under the Covenant, the United States has a special obligation to assist the Commonwealth in achieving economic development. Section 701 of the Covenant states that "[T]he Government of the United States will assist the Government of the Northern Mariana Islands in its efforts to achieve a progressively higher standard of living for its people as part of the American economic community and to develop economic resources needed to meet the financial responsibilities of local self government."

<sup>3</sup> See OIA website.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

Pedro P. Tenorio, and the Lieutenant Governor, Jesus R. Sablan, were elected in 1997.<sup>6</sup> There is also a federal judicial presence in the Commonwealth, the U.S. District Court for the District of the Northern Mariana Islands.<sup>7</sup>

C. Location

The Commonwealth is a three-hundred mile archipelago consisting of 14 islands (Saipan, Rota, Tinian, Aguiguan, Farallon de Medinilla, Anatahan, Sariguan, Guguan, Alamagan, Pagan, Agrihan, Asuncion, Maug Islands, and Farallon de Pajaro) with a total land area of 183.5 square miles.<sup>8</sup> Virtually all of the Commonwealth's population resides on the islands of Saipan, Tinian and Rota. The Commonwealth is 3,300 miles from Honolulu; 5,625 miles from San Francisco; 1,272 miles from Tokyo, Japan; and 3,090 miles from Sydney, Australia.<sup>9</sup>

D. Culture

The Commonwealth is a culturally diverse and vibrant area. While the people are chiefly of Chamorro and Carolinian descent,<sup>10</sup> today the population reflects numerous other ethnic groups, including many people from the Philippines and other Asian and Micronesian countries.<sup>11</sup> While the official language is English, the native Chamorro and Carolinian languages are spoken as well.<sup>12</sup> Spanish and Japanese cultural influences are also evident.<sup>13</sup> The dominant religion in the Commonwealth is Catholicism.<sup>14</sup>

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<sup>6</sup> See OIA website.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> U.S. DEPT. OF THE INTERIOR, OFFICE OF INSULAR AFFAIRS, A REPORT ON THE STATE OF THE ISLANDS, at 24 (1999).

<sup>11</sup> See Commonwealth of the Northern Mariana Islands website, [www.mariana-islands.gov.mp/people.htm#lang](http://www.mariana-islands.gov.mp/people.htm#lang) (visited November 11, 1999) ("Commonwealth website").

<sup>12</sup> See *id.*

<sup>13</sup> See OIA website.

<sup>14</sup> See Commonwealth website.

## E. Demographic Characteristics

The Census Bureau estimates that the mid-1998 population of the Commonwealth was approximately 66,611 people.<sup>15</sup> Using data collected in 1995, 86.7% of the population (52,698 people) lived on the main island of Saipan, 8.2% (3,509 people) lived on the island of Rota, and 5.1% (2,631 people) lived on the island of Tinian.<sup>16</sup> Also using 1995 data, the median household income in the Commonwealth is \$19,094 per year,<sup>17</sup> while *per capita* income is \$6,897 per year.<sup>18</sup>

## II. Telecommunications Market and Environment

### A. Domestic U.S. Integration

In recent years the Commonwealth has become more closely integrated into the U.S. domestic telecommunications infrastructure. The Commonwealth became a part of the North American Numbering Plan on July 1, 1997 and was assigned the "670" domestic area code.<sup>19</sup> Since September 1, 1997, the Commonwealth has also been encompassed under the Commission's rate integration policy.<sup>20</sup>

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<sup>15</sup> See A REPORT ON THE STATE OF THE ISLANDS, at 24 (1999).

<sup>16</sup> DEPT. OF COMMERCE-CENTRAL STATISTICS DIVISION, COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, 1996 COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS STATISTICAL YEARBOOK ("COMMONWEALTH STATISTICAL YEARBOOK"), at 4 (November 1997).

<sup>17</sup> *Id.* at 106.

<sup>18</sup> *Id.* at 107.

<sup>19</sup> See *In re* Federal-State Joint Board on Universal Service, *Report and Order*, 12 FCC Rcd. 8776, 8996 at n. 1058 (1997)(citing to North American Numbering Plan Planning Letter, NANP-Introduction of New 670 (CNMI) Numbering Plan Area (NPA), PL-NANP-010 (Sept. 5, 1996)).

<sup>20</sup> *In re* Policy and Rules concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended, *Report and Order*, 11 FCC Rcd. 9564 (1996), *recon. Denied Memorandum Opinion and Order*, 12 FCC Rcd. 11548 (1997), *modified by First Memorandum Opinion and Order on Reconsideration*, 12 FCC Rcd. 11812 (1997), *partially stayed by Order*, 12 FCC Rcd. 15739 (appeal pending).

## B. Telecommunications Companies

Currently, there are only two companies offering facilities-based long distance telecommunications services in the Commonwealth – IT&E Overseas, Inc. and GTE Pacifica. Micronesian Telecommunications Corporation ("MTC") is the sole provider of local telecommunications services. GTE Pacifica and MTC (collectively, "GTE Affiliates") are both affiliates of GTE Corporation. GTE Corporation is the largest independent local exchange carrier ("LEC") and one of the largest LECs overall in the United States.<sup>21</sup>

## C. Competition

### 1. Local Services

There is no competition in the local telecommunications market. MTC is the sole provider of local exchange service and exchange access service.

### 2. Off-Island Long Distance Services

Competition in the provision of off-island services is very limited as GTE Pacifica is the dominant service provider. The GTE Affiliates essentially control access off the islands by means of their ownership of the sole submarine fiber optic cable connecting the Commonwealth islands of Saipan, Tinian and Rota with Guam (and, in turn, with various submarine cables connecting Guam with the rest of the world).<sup>22</sup> The GTE Affiliates also control essential multi-purpose earth station facilities necessary to reach the Pacific region's INTELSAT satellites,<sup>23</sup> as well as analog microwave facilities which link the Commonwealth and Guam.

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<sup>21</sup> Preliminary Statistics of Communications Common Carriers at 13, Table 2.1 (1997 Edition).

<sup>22</sup> *In re* Micronesian Telecommunications Corporation Application for a License to Land and Operate a High Capacity Digital Submarine Cable System Extending Between the Commonwealth of the Northern Mariana Islands and Guam, *Cable Landing License*, 8 FCC Rcd. 748 (1993); and *In re* Micronesian Telecommunications Corporation and GTE Pacifica Incorporated, Application, ITC 97-778-AL (Dec. 11, 1997).

<sup>23</sup> *In re* Micronesian Telecommunications Corporation Application for Section 214 Authority to Acquire from Comsat Earth Stations, Inc., *Memorandum Opinion, Order and Authorization*, 3 FCC Rcd. 1617 (1988).

#### D. Penetration Rate

According to U.S. Department of the Interior statistics, the overall telephone penetration rate in the Commonwealth in 1995 was 61 %, far below the U.S. average.<sup>24</sup> While the penetration rate on Saipan (the most populous island) was 62 % in 1995, penetration on the other two populated islands, Rota and Tinian, was only 53.3 % and 52.1 %, respectively, in 1995.<sup>25</sup>

### III. Health Care

#### A. Overview

The Department of Public Health, operated by the Commonwealth government, is the sole provider of comprehensive health care services in the Commonwealth.<sup>26</sup> The primary health care facility in the Commonwealth is the Commonwealth Health Center, a 74-bed, two-level hospital located on Saipan that provides medicine and treatment, dentistry, nursing and other ancillary services.<sup>27</sup> The Commonwealth Government also maintains two smaller facilities, one on Tinian and another on Rota.<sup>28</sup> Each of these smaller health care units provides emergency care, 2-3 beds, x-ray, pharmacy and dental services.<sup>29</sup> While several small, private medical and dental clinics exist on Saipan, there are no such facilities on any other Commonwealth island.<sup>30</sup>

#### B. Problems in Health Infrastructure

As a geographically distant commonwealth with a low per capita income rate, the Commonwealth has traditionally had difficulties in dealing with increased health care costs, despite aid from federal agencies such as the U.S. Public Health Service and the

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<sup>24</sup> See A REPORT ON THE STATE OF THE ISLANDS, at 117.

<sup>25</sup> See COMMONWEALTH STATISTICAL YEARBOOK, at 96.

<sup>26</sup> See OIA website.

<sup>27</sup> See Commonwealth Health Center website, [www.medicine-saipan.com](http://www.medicine-saipan.com) (visited November 11, 1999).

<sup>28</sup> See A REPORT ON THE STATE OF THE ISLANDS, at 31.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*



Department of the Interior.<sup>31</sup> By law, the Commonwealth health care system must provide service for everyone, regardless of their ability to pay for such services.<sup>32</sup> Off-island referrals to Hawaii and other mainland areas are often necessary due to the lack of specialists and equipment in the Commonwealth, making the provision of health care services expensive. The lack of access to specialists and adequately trained personnel in the Commonwealth, compounded by the fact that it is more expensive to offer specialized medical services on the islands than on the mainland U.S., have made the health care situation that much more desperate.<sup>33</sup> If the Commonwealth is to continue the provision of health care service at its present quality level it will need significant assistance from the U.S. government.<sup>34</sup>

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<sup>31</sup> *See* A REPORT ON THE STATE OF THE ISLANDS, at 31

<sup>32</sup> *Id.*

<sup>33</sup> *Id.*

<sup>34</sup> *Id.*